

Message Text

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PAGE 01 MADRID 05489 01 OF 02 171350Z

42

ACTION SS-25

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P 161634Z JUL 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 6418

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 5489

EXDIS

E.O.11652 GDS

TAGS: PFOR, SP

SUBJECT: AREILZA EXPLANATION OF GOVERNMENT CRISIS

1. IN LONG TALK WHICH I HAD WITH FORMER FOREIGN
MINISTER AREILZA JULY 16 HE SAID THAT HE HAD
CAREFULLY STUDIED THE WHOLE BACKGROUND OF THE
RECENT DISMISSAL OF ARIAS AND HAD COME TO THE
CONCLUSION THAT THE ENTIRE OPERATION HAD BEEN
MOUNTED BY OPUS DEI, WITH WHICH SUAREZ HAS LONG
BEEN SECRETLY CONNECTED.

2. AREILZA REVIEWED THE EVENTS OF THE LATE
SIXTIES DURING WHICH OPUS DEI OR AT LEAST SOME OF ITS MEMBERS
HAD HAD MAJOR CONTROL OF THE ECONOMIC STRUCTURES OF THE COUNTRY
AND HAD WORKED HAND IN HAND WITH ADMIRAL CARRERO
BLANCO. DURING THAT PERIOD THE MATESA SCANDAL
HAD BROKEN OUT AND FRAGA HAD EARNED THE ENMITY
OF THE OPUS DEI BY HIS DENUNCIATION OF THAT SCANDAL. THIS HAD ALSO
IRRITATED FRANCO WHO AT
THAT TIME WAS CHIEF OF GOVERNMENT AND THAT HAD
ULTIMATELY PUT INTO MOTION THE EVENTUAL NOMINATION
SOME YEARS LATER OF CARRERO BLANCO AS PRESIDENT
OF THE GOVERNMENT. THE PARTICULAR INCIDENT OF THE
MATESA SCHANDAL HAD LED TO THE DISMISSAL OF BOTH
LOPEZ BRAVO AND FRAGA.

3. AT ABOUT THIS TIME, OPUS DEI HAD SET INTO
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PAGE 02 MADRID 05489 01 OF 02 171350Z

OPERATION ITS PLAN TO HAVE JUAN CARLOS NAMED AS

PRINCE OF SPAIN AND FRANCO'S SUCCESSOR. AREILZA HAD EARNED THE ENMITY OF OPUS DEI BECAUSES SHORTLY AFTER HIS RETURN FROM PARIS IN THE MID SIXTIES HE HAD BECOME A CLOSE POLITICAL ADVISOR TO DON JUAN, FATHER OF JUAN CARLOS, IN AN EFFORT TO ADVANCE AS KING OF SPAIN. THIS OPERATION HAD ANNOYED OPUS DEI WHICH LOOKED UPON THIS AS AN OBSTACLE TO ITS OPERATION TO HAVE JUAN CARLOS NAMED FRANCO'S SUCESSOR.

4. IT HAD ALWAYS BEEN THE INTENTION OF OPUS DEI TO USE JUAN CARLOS AS A STEPPING STONE TO ITS RETURN TO POWER AND IT IS A FACT THAT THE KING HAD WISHED TO NAME LOPEZ DE LETONA AS PRIME MINISTER LAST DECEMBER TO SUCCEED ARIAS. THE KING HAD MADE NO SECRET OF THIS INTENTION. HOWEVER AFTER THE SOMEWHAT BRUISING FIGHT WITH THE COUNCIL OF THE REALM TO OBTAIN THE APPOINTMENT OF FERNANDEZ MIRANDA AS PRESIDENT OF THE CORTES, HE HAD TO GIVE THIS PLAN UP AND KEEP ARIAS. ARIAS, WHO AFTER HE BECAME PRIME MINISTER IN 1973 HAD CLEANED ALL THE THE OPUS MEMBERS OUT OF THE GOVERNMENT, FLATLY REFUSED TO HAVE ANY OPUS DEI MEMBER OF FIRST RANK IN THE GOVERNMENT AND REJECTED ANY SUGGESTION THAT LOPEZ DE LETONA BECOME THE FINANCE MINISTER. VILLAR MIR, WHO WAS A FRIEND OF ARIAS, HAD BEEN PUT IN INSTEAD. THE EXCLUSION OF OPUS DEI HAD CAUSED CONSIDERABLE ILL FEELING AND RENEWED DETERMINATION BY THAT GROUP TO TAKE OVER THE GOVERNMENT AS QUICKLY AS POSSIBLE. AREILZA ADDED PARENTETICALLY THAT SHORTLY AFTER FRANCO'S DEATH, LOPEZ DE LETONA HAD COME TO HIM TO ASK HIM TO SEE LOPEZ RODO, WHO ACCORDIG TO AREILZA REMAINS THE LEADER AND BRAINS OF OPUS DEI. THIS, SAID AEREILZA, WAS PROOF THAT LOPEZ DE LETONA BELIEVED HE WAS GOING TO BE NAMED PRIME MINISTER.

5 WITH THE MALAFROIT FIRST SPEECH OF VILLAR MIR AND HIS INADEQUATE MEASURES TO DEAL WITH THE CONFIDENTIAL

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PAGE 03 MADRID 05489 01 OF 02 171350Z

ECONOMIC SITUATION, THE OPUS DEI HAD RETURNED TO THE ATTACK IN THE LATTER PART OF JANUARY AND FEBRUARY AND IT WAS NOT WITHOUT SIGNIFICANCE THAT THE KING HAD TAKEN ON A PRIVATE SECRETARY SANTOAGO MATINEZ CARRO WHO IS MEMBER OF OPUS DEI AND HAD WORKED CLOSELY WITH LOPEX BRAVO WHEN HE WAS FOREIGN MINISTER. AREILZA SAID THAT THERE WERE ALSO SEVERAL OTHER OPUS DEI WITHIN THE

KING'S ENTOURAGE, INCLUDING GEN. ARMADA (MARQUESS OF SANTA CRUS RIVADULLA) WHO IS CHIEF OF THE KING'S SECRETARIAT. AS THE ECONOMIC SITUATION BECAME WORSE. OPUS DEI ALONG WITH LEADING BANKERS AND FINANCIERS WITH WHOM THEY HAVE NOT ONLY TOUCH BECAME INCREASINGLY CONCERNED OVER NOT ONLY ECONOMIC POLICY BUT DEMOCRATIC REFORM AND KEPT URGING THE KING TO REPLACE ARIAS. THE KING WAS RELUCTANT TO DO THIS BEFORE HIS TRIP TO THE UNITED STATES, BUT THERE WERE INDICATIONS THAT HE WOULD GET RID OF ARIAS SOME TIME AFTER RETURNING FROM U.S.

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PAGE 01 MADRID 05489 02 OF 02 171356Z

42

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C O N F I D E N T I A L SECTION 2 OF 2 MADRID 5489

EXDIS

E.O.11652: GDS

TAGS: PFOR, SP

SUBJECT: AREILZA EXPLANATION OF GOVERNMENT CRISIS.

6. IN THE MEANTIME, IT BECAME CLEAR THAT SUAREZ WAS THE MAN WHO OPUS DEI WANTED TO MOVE FORWARD. IN THE LATTER PART OF JUNE ARIAS SOUGHT TO CHANGE VILLAR MIR, BUT SINCE THE OPUS DEI RELIZED THAT THEY WOULD NOT GET ANY OF THEIR MEN BACK IN. IT WAS DECIDED THAT THAT KING SHOULD BE PRESSED TO MAKE A COMPLETE CHANGE. BEGINNING WITH ARIAS. AREILZA SAID HIS INFORMATION WAS THAT THE OPUS DEI TECHNOCRATS HAD CONVINCED THE KING THAT THEY HAD THE ECONOMIC REMEDY.

7. AREILZA MAINTAINED THAT THE OPUS DEI PLAN

WAS TO PUT IN SUAREZ AS PRIME MINISTER AND PUT LOPEX BRAVO, LOPEZ RODO AND LOPEZ DE LETONA IN THE KEY ECONOMIC MINISTRIES. ESSENTIAL TO THIS OPERATION WAS THE MAINTENANCE OF AREILZA AND FRAGE IN THE CABINET IN ORDER TO GIVE SOME COVER TO THE OPUS DEI OPERATION. WHEN AREILZA AND FRAFA REFUSED, THE OPERATION HAD TO BE RECONSIDERED SINCE THE RETURN TO POWER OF OPUS DEI ALONE WOULD HAVE CAUSED STRONG REACTION IN THE COUNTRY AND SUAREZ WAS THEN OBLIGED TO LOOK FOR SECOND STRING APPOINTEES.

8. AREILZA COMMENTED THAT HE VERY MUCH FEARED THAT
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PAGE 02 MADRID 05489 02 OF 02 171356Z

THE GOVERNMENT'S ECONOMIC PROGRAM WOULD BE AN EFFORT TO RETURN SPAIN TO THE SIXTIES WHEN IT WAS POSSIBLE TO ACHIEVE A MORE DISCIPLINED ECONOMY MORE ATTRACTIVE TO INVESTORS BECAUSE THERE WAS A DICTATORSHIP, HE ALSO HAD SOME FEAR THAT UNDER THE INFLUENCE OF OPUS DEI AND CONSERVATIVE BANKING AND FINANCIAL CIRCLES, THE PACE OF ECONOMIC REFORM MIGHT BE SLOW. HOWEVER HE AGREES THAT NO CONCLUSIONS COULD BE REACHED UNTIL THE GOVERNMENT'S ECONOMIC PROGRAM HAD BEEN ISSUED.

9. AREILZA DID NOT THINK THAT THE MILITARY HAD PLAYED A PARTICULARLY IMPORTANT ROLE IN THIS CRISIS ALTHOUGH THEY HAD UNDOUBTEDLY EXPRESSED THEIR CONCERN OVER THE ADOPTION OF ANY MEASURE WHICH MIGHT LEAVE IN DOUBT THE EXCLUSION OF THE COMMUNIST PARTY.

10. FINALLY AREILZA TOLD ME THAT HE WAS PREPARING ALONG WITH EXPERTS A POSSIBLE GOVERNMENT PROGRAM AS HE WAS CONVINCED THAT AT THE END OF ONLY A SHORT NUMBER OF MONTHS THE KING AGAIN WOULD HAVE TO MAKE A CHOICE BETWEEN A LIBERAL GOVERNMENT WITH SUCH FIGURES AS AREILZA AND FRAGA OR RETURN TO MILITARY RULE.

1. COMMENT: THIS RATHER BYZANTINE TALE MAY, OF COURSE HAVE SOME TRUTH TO IT. IN ANY EVENT IT IS AN LIE WHICH AREILZA IS BUSILY HANDING OUT AND AT LEAST REPRESENTS HIS JUSTIFICATION FOR NOT JOINING THE PRESENT GOVERNMENT. BY THE SAME TOKEN, THERE HAVE BEEN OTHER STORIES TO THE EFFECT THAT AT THE LAST MINUTE WHEN AREILZA SAW THAT THE VARIOUS LOPEZES WERE NOT GOING TO BE NAMED MINISTERS, HE MADE A VAIN ATTEMPT TO GO BACK TO THE FOREIGN MINISTRY, THE TALE TREATMENT OF OPUS DEI AS THOUGH IT WERE A MONOLITHIC ORGANIZATION IN POLITICAL MATTERS IS A MISREPRESENTATION ALTHOUGH A NUMBER OF ITS MEMBERS (THE LOPEZS) DID

HAVE POWER TOGETHER DOUBTLESSS REMAIN CLOSE, AND HAVE STRONG
FINANCIL CONNECTIONS. WE WILL COMMENT FURTHER IN A
SUBSEQUENTE MESSAGE,
STABLER

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